



NEWS RELEASE

Internal Revenue Service - Criminal Investigation
Los Angeles Field Office
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Wife of La Habra Dental Lab Owner Pleads Guilty to Tax Fraud

The Lab Generated over \$1 Million in Unreported Income

LOS ANGELES – The wife of a La Habra dental lab owner pleaded guilty this afternoon to failing to report sales income that she and her husband had obtained from the operation of her husband's dental lab, D&S Dental Laboratory.

Kwang Choi, 64, of Fullerton, pleaded guilty to one count of subscribing to a fraudulent 2008 federal income tax return.

According to the plea agreement filed in the case, beginning in January 2008 and continuing through December 2013, Kwang Choi and her husband, John Choi, operated and received income from D&S Dental Laboratory that provided laboratory services to dentists, such as the preparation of dental prosthetics and crowns. They also received income from the sale of scrap metal, such as gold.

Kwang Choi served as D&S Dental's office manager and was responsible for keeping track of all income received by D&S Dental, depositing client checks to the bank accounts, and arranging for the preparation and filing of the federal tax returns.

For the 2008 through 2013 tax years, Kwang Choi and/or her husband deposited checks totaling over \$5.3 million to their accounts, failing to report \$1,001,900 in income received as "less-cash" transactions. For the 2008 through 2012 tax years, D&S Dental and John Choi also received more than \$88,000 in payments for scrap metal, which Kwang Choi also failed to report.

Kwang Choi was aware of the “less-cash” amounts and scrap metal payments, and knew that they constituted income which she and her husband were required to report on their federal income tax returns. However, Kwang Choi failed to report these amounts to her paid income tax preparer. As a result, Kwang Choi willfully signed tax returns for 2008 through 2013 that failed to report the less-cash amounts and the scrap metal sales, resulting in a tax loss to the government of \$244,956.

The specific count to which Kwang Choi pleaded guilty to relates to the filing of the 2008 tax return. The return reported \$624,471 in gross receipts and sales income even though D&S Dental had received more than \$807,000 in gross receipts in 2008.

When sentenced by U.S. District Court Judge Michael W. Fitzgerald on May 23, 2016, Choi faces a statutory maximum sentence of three years in federal prison and a fine of \$250,000. She may also be ordered to pay restitution of \$244,956 to the Internal Revenue Service.

The investigation into Kwang Choi was conducted by IRS Criminal Investigation, in conjunction with the United States Attorney’s Office for the Central District of California.

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